

# International Advisory and Monitoring Board

## **Minutes of the meeting hosted by the International Monetary Fund and held at the Offices of the World Bank in Paris on 27-28 April 2011.**

The following members of the IAMB were present:

Arab Fund for Economic and Social Development: Dr. Khalifa Ali Dau, Senior Financial Advisor

International Monetary Fund: Mr. Chris Hemus, Assistant Director, Finance Department

Government of Iraq: Mr. Adel Al Hasson, Representative to IAMB and expert in COFE

Also in attendance were the following:

### **International Monetary Fund:**

Ms. Mary Hoare, Officer, IMF Finance Department

### **United Nations:**

Mr. Genc Osmani, Programme Management Officer

### **World Bank:**

Ms. Caroline Harper, Lead Operations Officer

### **Government of Iraq:**

Mr. Ezzuldin Mohammed Al Bahrani, Alternate Member

### **Committee of Financial Experts (COFE):**

Dr. Abdul Basit Turkey Saed, President, the Board of Supreme Audit (BSA) and head of COFE

Mr. Aras Mohammed Saeed,

Ms. Ghaida'a Al- Qadi,

Ms. Noora Abdul Basit

### **Invitee from the United States Department of State:**

Ms. Colleen EC Hyland

### **Invitees from the United States Office of the Special Inspector General for Iraq Reconstruction (SIGIR):**

Ms. Ginger Cruz

Mr. L Michael Welsh

1. The meeting was chaired by the host, Mr. Chris Hemus.
2. The agenda for the meeting was unanimously adopted.

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3. The IAMB noted that the UN Security Council through Security Council Resolution 1956 (2010) requested the Government of Iraq to provide a written report to the UN Security Council on progress towards transition to a post-DFI mechanism by May 1, 2011
4. The IAMB was briefed by COFE on successor arrangements for the DFI and noted that the Government of Iraq had submitted a written report for approval to the Iraqi Council of Ministers on progress towards transition to a post-DFI mechanism. In addition, the IAMB was informed that the Government of Iraq has issued a press release announcing that the Iraqi Council of Ministers has decided to ratify the report, which should be issued to the UN Security Council shortly.

## **External Audit of the DFI**

5. The external audit firm for 2010, PricewaterhouseCoopers (PwC), briefed the IAMB on the preliminary results of the 2010 audit of the DFI as well as the overall progress of the DFI audit for the same period. The IAMB noted pending authorization from the Ministry of Finance of the interim financial statements for the six months ended 30 June 2010 and financial statements for the year ended 31 December 2010. The representation letter to be signed by the Ministry of Finance prior to issuing 30 June 2010 Interim Financial Statements and 31 December 2010 Financial Statements was also pending.
6. As requested by the IAMB at the last meeting held in Geneva on 06-07 January 2011, PwC briefed the IAMB on the follow-up on the implementation of the earlier PwC recommendations on oil metering, including an updated assessment of the installation of oil meters and whether meters are being utilized as intended. A PwC report on oil metering will be made available on the IAMB website once completed in the coming weeks.
7. A summary of the briefing will be made available on the IAMB website ([www.iamb.info](http://www.iamb.info)).

## **Report of the Special Inspector General for Iraq Reconstruction (SIGIR)**

8. Staff from the Special Inspector General for Iraq Reconstruction (SIGIR) briefed the IAMB on the follow-up on SIGIR's report issued on 27 July 2010 and stated that \$284.5 million are still held by the different Department of Defence (DoD) agencies.
9. The IAMB took note of a letter from the DoD to COFE, dated 21 April 2011 and expressed regret that a DoD representative did not attend the IAMB meeting. A copy of the DoD letter has been posted on the COFE website. The IAMB noted that COFE would write to the DoD to seek further clarification on the DoD review of spending associated with the DFI.
10. The IAMB members agreed to avail themselves to a meeting with the DoD prior to the IAMB mandate expiration on 30 June 2011.

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## **Report of the Committee of Financial Experts (COFE)**

11. The IAMB was briefed by COFE on progress in implementing the COFE work plan for 2011. In addition to overseeing the DFI successor arrangements to ensure all requirements are met by 30 June 2011, COFE is focused on the oversight of oil metering to ensure the timely installation in line with the ministry of oil plan.
12. COFE briefed the IAMB on the status of the installation of oil metering. Additional meters have been installed between June and December 2010, but at a slower rate than earlier and with delays from the original ministry of oil plan. As of 31 December 2010, only 39 percent of the planned meters have been installed and calibrated in line with the original ministry of oil plan.
13. The IAMB noted with concern that the implementation of the plan continues to fall further behind schedule and encourages the Government of Iraq to make every effort to implement the metering plan on schedule and address the further steps recommended by PwC. The COFE briefing will be posted on the IAMB and COFE websites.
14. The IAMB welcomed the provision of the 2010 monthly summaries of DFI inflows and outflows by the ministry of finance to COFE. Once reviewed by COFE, these summaries will be posted on the COFE website.
15. The representatives of the Government of Iraq and COFE briefed the IAMB on the evaluation process undertaken to select an external audit firm to conduct the 2011 audit of the resources and disbursements of the DFI and the successor account. The IAMB had earlier reviewed and approved the scope of work and the request for proposal for the 2011 audit. The IAMB requested additional analytical work on the proposals made by the external audit firms. Going forward, COFE will oversee the completion of the 2011 audit.

## **Other Matters**

16. The next and final meeting of the IAMB is scheduled for 30 June 2011, at which time the final report will be issued and a press briefing will be held. COFE will continue to meet separately in the interim.

## **Press Release**

17. The members agreed to issue a press release highlighting the results of this meeting and to post the press release on the IAMB website.

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